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SUBJECT: ISRAELI MOD DG TOREN ON EXPORT CONTROL REFORM

Classified By: Ambassador Richard H. Jones. Reasons: 1.4 (b, d).

1. (C) SUMMARY: MOD DG Jacob ("Kobi") Toren told the Ambassador July 11 that the GOI's new Export Controls Division took over the processing of new export licensing requests this month. Toren also explained that the government hoped to formally submit the Defense Export Control Act to the Knesset as early as July 16 and expressed confidence that the legislation is supported by a majority in the legislature. Toren said that in the meantime, existing law, processes, and enforcement are sufficient to handle export controls and any alleged misconduct. Toren inquired about USG efforts to identify humanitarian projects to fund in the Palestinian territories that would not benefit Hamas and expressed hope that Europe will remain firm in opposing the Hamas government. END SUMMARY.

MOD'S EXPORT CONTROL DIVISION UP AND RUNNING,
DEFENSE EXPORT CONTROL ACT NEXT ON THE AGENDA

2. (C) The Ambassador began the meeting by asking Toren for an update on GOI's export control reform efforts, noting that the USG is encouraged by GOI's progress to date. Toren, who was accompanied by Rami Yungman, senior coordinator for Defense, Strategic Dialogues and Cooperation, responded that the MOD's new Export Controls Division became responsible this month for new export licensing requests. According to Toren, MOD officials selected Eliezer (Eli) Pincu to head the new office because they wanted someone senior and experienced who could work well with both his USG counterparts and his own colleagues. Toren explained that Pincu shortened his term as head of the Israeli MOD mission in Paris due to the importance the GOI places on the export control issue and that Pincu is shuttling back and forth to Paris, but will be in the MOD full-time beginning in August. Toren said that, overall, he is optimistic that the new office will perform well, but admitted there will be a learning curve and that "not everything will be perfect from the outset."

3. (C) Toren moved on to discuss the status of the draft Defense Export Control Act. He explained that while a new government and personnel changes across ministries had slowed progress, a common understanding now exists on the roles that relevant GOI institutions will play in a new export control regime. He said that the draft legislation could be submitted formally to the Knesset as soon as July 16, just prior to the Knesset's summer recess. Toren told the Ambassador that the government has a clear majority that supports the legislation, but it is possible that committees will make changes because not everyone is happy with the draft. The Ambassador noted that Israel's reform efforts could enhance Israel's export capabilities, as reforms would create confidence in the country's export control procedures. Toren replied that "when you shake up a system, you discover how you can do things better," but he maintained that Israel's system of controls had performed well to this point, with misconduct or misuse occurring in much less than one percent of all transactions.

4. (C) Toren also stressed that there has been continuity between current law and the reforms. The GOI has enough enforcement power through current law to handle export-related misconduct, according to Toren, and the MOD works closely with industry experts in all phases of the process, including production, delivery, on-site installation, and maintenance. He added without elaboration, however, that the MOD introduced some changes to existing law on dual-use technology. Finally, Toren clarified for the Ambassador that recently crafted export control regulations merely codify existing law.

HUMANITARIAN PROJECTS FOR THE PALESTINIANS

5. (C) Toren inquired about the status of USG efforts to identify humanitarian projects in the Palestinian territories that the USG could fund that would not benefit the Hamas government. The Ambassador explained that Secretary Rice would review soon a package of projects that includes some GOI-preferred options and suggested that Toren's staff discuss the issue further with USAID Mission Director Jim

Bever.

IDF OPERATIONS IN GAZA

16. (C) The Ambassador concluded the meeting by asking Toren for his assessment of the situation in Gaza. Toren explained that the more he hears the Palestinians assuring the public that captured IDF soldier Gilad Shalit is alive and well and will be respected, the more he worries that Shalit is already dead. Toren also explained that the IDF must proceed with its operations to uncover tunnels in Gaza. He thanked the Ambassador for the USG's "firm" policy toward Hamas and expressed hope that the Europeans will remain strong as well.

"If we give legitimacy to a terror government like Hamas, then there's nothing to prevent regimes in North Korea, Syria, and Iran from also being recognized as legitimate," he added.

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JONES